



Japan Display Inc.

FY23/3 H1  
Corporate Presentation

November 10, 2022



# **PersonalTech For A Better World**



Japan Display Inc.

# FY23/3 H1 Earnings Review

- H1 sales JPY 138.3B (JPY -16.4B vs. forecast), operating profit JPY -11.8B (JPY +4.9B vs. forecast)
- Sales came in at almost the same level as FY22/3 H1, with weak mobile demand (c. JPY -24.2B YOY) offset by strong automotive sales (c. JPY +21.8B YOY) & the positive effect of the yen's depreciation (c. JPY +26B)
- Operating profit worsened by JPY 4.7B YoY on rising material, energy, & shipping costs
- In light of H1 results & expected weakened demand for H2, JDI is revising down its H2 & full-year forecasts

## Despite below-forecast sales, losses shrank due to positive FX effects & reductions in fixed & variable costs

(JPY billion)	FY23/3 H1 FCST	FY23/3 H1 ACT	Diff
<b>Sales</b>	<b>154.7</b>	<b>138.3</b>	<b>-16.4</b>
Mobile (US/Euro)	21.9	28.6	+6.7
Mobile (China/other)	13.5	9.4	-4.1
Automotive	75.5	66.5	-9.0
Non-Mobile	43.9	33.8	-10.1
<b>EBITDA</b>	<b>-11.9</b>	<b>-7.5</b>	<b>+4.4</b>
<b>Operating Profit</b>	<b>-16.7</b>	<b>-11.8</b>	<b>+4.9</b>
<b>Recurring Profit</b>	<b>-17.3</b>	<b>-8.4</b>	<b>+8.9</b>
<b>Net Income</b>	<b>-17.2</b>	<b>-11.6</b>	<b>+5.6</b>
<b>FX (JPY/USD)</b>	<b>123.0</b>	<b>134.0</b>	

### Explanation

- Mobile US/Euro:** Expanded market share
- Mobile China/Other:** Decrease in shipments due to lower-than-expected smartphone demand
- Automotive:** Decrease due to restricted production at JDI & customers driven by Shanghai lockdown & prolonged material shortages
- Non-Mobile:** Significant decrease in VR demand as key customer revised down sales plans
- Lower fixed costs from reduced production
- Aggressive cost cutting
- Booked JPY 4.1B non-op. FX gain positive contributor to RP
- Positive: JPY 1B extraordinary gain on reversal of restructuring expenses
- Negative: JPY 1.2B extraordinary impairment loss. JPY 1B increase in income taxes of an overseas subsidiary

## Despite cost cuts & price increases, net loss widened as unable to cover sharp rise in input costs

(JPY billion)	FY22/3 H1 ACT	FY23/3 H1 ACT	Diff
<b>Sales</b>	<b>137.9</b>	<b>138.3</b>	<b>+0.4</b>
Mobile (US/Euro)	43.4	28.6	-14.8
Mobile (China/other)	18.8	9.4	-9.4
Automotive	44.8	66.5	+21.8
Non-Mobile	30.9	33.8	+2.9
<b>EBITDA</b>	<b>-2.8</b>	<b>-7.5</b>	<b>-4.7</b>
<b>Operating Profit</b>	<b>-7.0</b>	<b>-11.8</b>	<b>-4.7</b>
<b>Recurring Profit</b>	<b>-7.6</b>	<b>-8.4</b>	<b>-0.8</b>
<b>Net Income</b>	<b>-8.8</b>	<b>-11.6</b>	<b>-2.9</b>
<b>FX (JPY/USD)</b>	<b>109.8</b>	<b>134.0</b>	

### Explanation

**Mobile US/Euro:** Continuing downward trend

**Mobile China/Other:** Lower shipments due to customers' inventory adjustments & lower smartphone sales

**Automotive:** Higher shipments due to strong demand despite impact of production adjustments by auto makers caused by continuing analog IC shortages

**Non-Mobile:** Increased due to yen depreciation despite slowdown in demand for consumer electronics

Cost increase due to higher material, energy, & transportation costs

JPY 3.9B increase in FX gain (non-operating income)

Positive: Increase of JPY 1B extraordinary gain on reversal of restructuring expenses

Negative: Increase of JPY 700M extraordinary impairment loss. Increase of JPY 1B income taxes of overseas subsidiary

## Operating Profit Breakdown (vs. Forecast)

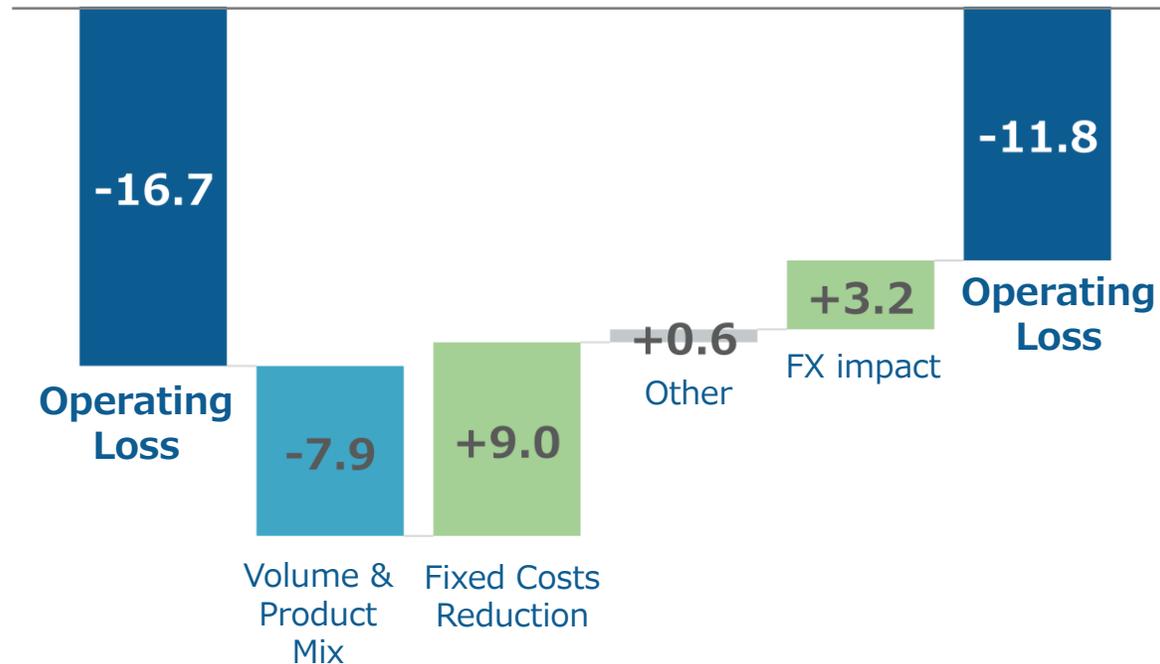
(JPY billion)

**FY23/3 H1  
FCST**

Sales 154.7

**FY23/3 H1  
ACT**

Sales 138.3



## Operating Profit Breakdown (YoY)

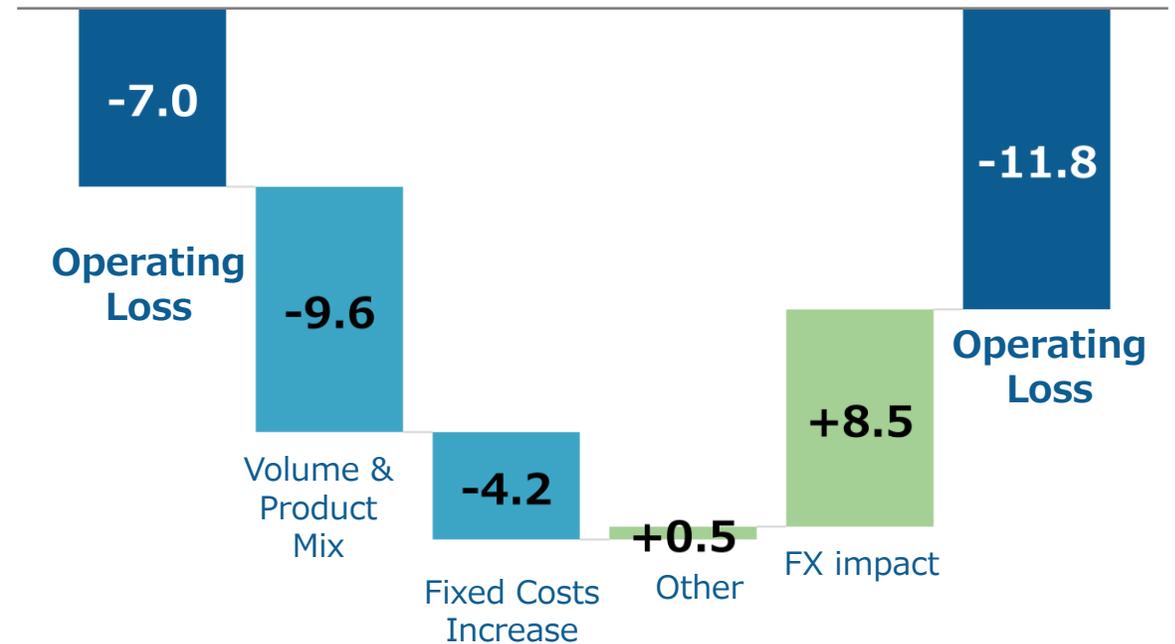
(JPY billion)

**FY22/3 H1  
ACT**

Sales 137.9

**FY23/3 H1  
ACT**

Sales 138.3



**Main drivers are negative effects of inflation on consumer demand, continued shortage of analog ICs on auto maker production, & increase in JDI input & transportation costs**

(JPY billion)	FY23/3 Previous FCST			FY23/3 Revised FCST			Change Full Year (b)-(a)
	Q3	Q4	Full Year (a)	Q3	Q4	Full Year (b)	
<b>Sales</b>	<b>89.6</b>	<b>84.8</b>	<b>329.1</b>	<b>75.6</b>	<b>66.1</b>	<b>280.0</b>	<b>-49.1</b>
Mobile (US/Euro)	10.0	10.0	41.9	20.7	4.6	53.9	+12.0
Mobile (China/other)	9.7	8.6	31.7	4.5	2.6	16.5	-15.2
Automotive	40.7	38.5	154.8	36.0	41.8	144.4	-10.4
Non-Mobile	29.1	27.7	100.7	14.4	17.1	65.3	-35.4
<b>EBITDA</b>	<b>1.4</b>	<b>1.3</b>	<b>-9.2</b>	<b>-7.0</b>	<b>-11.9</b>	<b>-26.4</b>	<b>-17.2</b>
<b>Operating Profit</b>	<b>-1.2</b>	<b>-1.5</b>	<b>-19.4</b>	<b>-9.0</b>	<b>-14.1</b>	<b>-34.9</b>	<b>-15.4</b>
<b>Recurring Profit</b>	<b>-1.6</b>	<b>-1.9</b>	<b>-20.8</b>	<b>-9.3</b>	<b>-14.3</b>	<b>-32.0</b>	<b>-11.2</b>
<b>Net Income</b>	<b>-1.9</b>	<b>-2.3</b>	<b>-21.4</b>	<b>-9.6</b>	<b>-14.6</b>	<b>-35.8</b>	<b>-14.4</b>

FY23/3 H2 FX assumption has been changed from USD/JPY 123 to USD/JPY 145

## vs. Previous Forecast (May 13, 2022)

(JPY billion)

**FY23/3  
Previous FCST**

Sales 329.1

**FY23/3  
New FCST**

Sales 280.0



## Significantly downsize commodity LCD smartphone business & concentrate JDI engineering resources on METAGROWTH 2026 growth drivers

	Business Environment	Countermeasures
Mobile	<ul style="list-style-type: none"> <li>• US/Euro: ongoing gradual decline in demand</li> <li>• China/Other: customer smartphone inventory adjustments continuing</li> </ul>	<ul style="list-style-type: none"> <li>• Aggressively reduce commodity LCD smartphone production capacity at Mobara fab</li> </ul>
Auto-motive	<ul style="list-style-type: none"> <li>• Demand remains strong, but production adjustments by automakers caused by the shortage of analog ICs are expected to continue</li> <li>• Potential decrease in demand caused by inflation and gas price hikes requires close monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Maximizing shipment volumes backed by robust &amp; reliable supply chain management</li> </ul>
Non-Mobile	<ul style="list-style-type: none"> <li>• Demand outlook for consumer products weakening on inflation impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Developing next-gen products with customers</li> <li>• Driving sales expansion of medical &amp; other industrial products</li> <li>• Accelerating launches of new businesses</li> </ul>
Overall	<ul style="list-style-type: none"> <li>• Cost increases due to weak yen and inflation</li> <li>• Geopolitical risks continue to create potential weak-points in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Plant and subsidiary restructuring reduce fixed costs and strengthen cash management</li> <li>• Securing ample inventory of critical parts and building alternative robust supply chains</li> </ul>



Japan Display Inc.

# **METAGROWTH 2026 Progress Update**

# METAGROWTH 2026 Core Strategy

**Global No. 1 Technology Leadership to  
Best Serve Customers and Deliver  
PersonalTech For A Better World**

**METAGROWTH in Value Creation**





# META

**“Comprehensive, Overarching”  
Underscores JDI’s Commitment to  
Transformational Growth**

**Metaverse Also a JDI Growth Driver**



**Displays are a foundational technology for modern society  
JDI has unmatched technological capabilities to deliver customer  
and social value and improve people's lives**



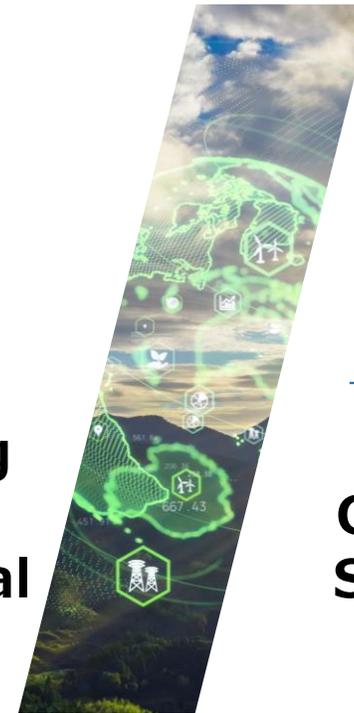
①

**Global No. 1  
Technology  
Leadership**



②

**Market-Leading  
Technology,  
Transformational  
Growth**



③

**GreenTech &  
Sustainability**

## eLEAP (NextGen OLED)

- **Sample shipments** started in August
- **Launched commercial projects & discussions with multiple customers**
- Continuing discussions with multiple potential technology partners for **technology licensing**

1

## HMO (High Mobility Oxide)

- **Open strategy** to license & commercialize broadly
- Continuing discussions with multiple potential technology partners for **technology licensing**

2

## Metaverse (Ultra High Resolution)

- Rise in inflation has reduced current demand, but **robust demand for next-generation products**
- Continuing discussions with multiple customers

3

## AutoTech

- Despite the impact of component shortages, demand is strong due to low inventories
- High customer interest in **integrated cockpits & advanced HUDs**. JDI is pioneering **new applications**

4

## Rælclear (Transparent Interface)

- Received **RFIs from major US tech companies** & in discussions about next steps
- **Global promotion** continuing with plans for exhibition at fairs like the Display Innovation China Expo

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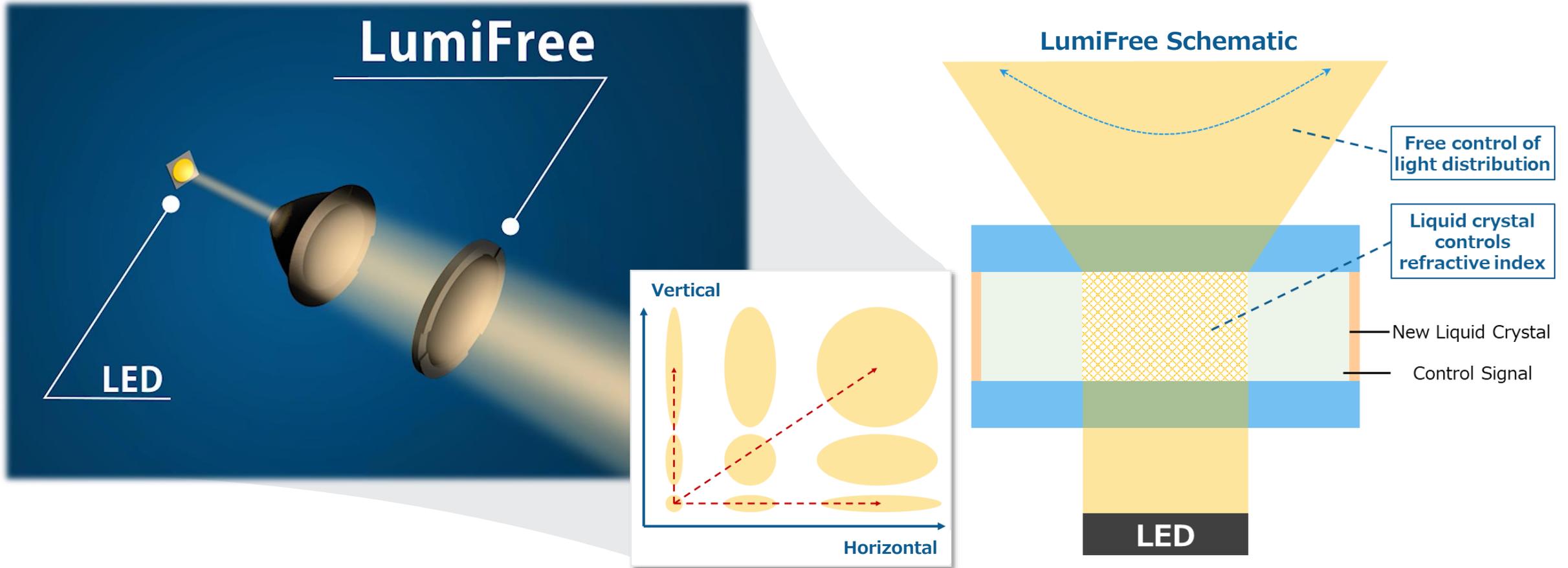
## New Tech, Products, & Businesses

- Developed **world's first LED Free-Lighting LumiFree**
- Developed **world's first 3D imaging technology** deploying LCD panels

6

**JDI developed LumiFree to address important societal & user needs**

**LumiFree allows for fully free & flexible control of light to improve how we experience illumination of people, places, & things & to tailor to diverse user needs & environments, while reducing energy consumption & light pollution**

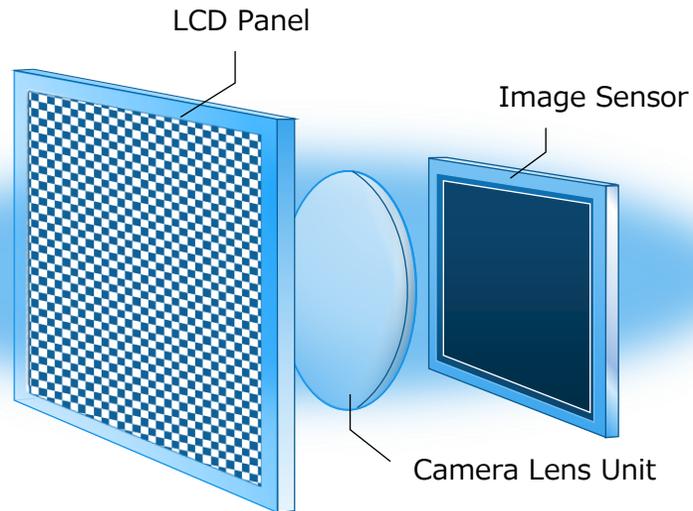




## Enables unprecedented capture of both normal video & depth maps

Optical information can be extracted from captured images & turned into location data to generate depth maps

### Configuration



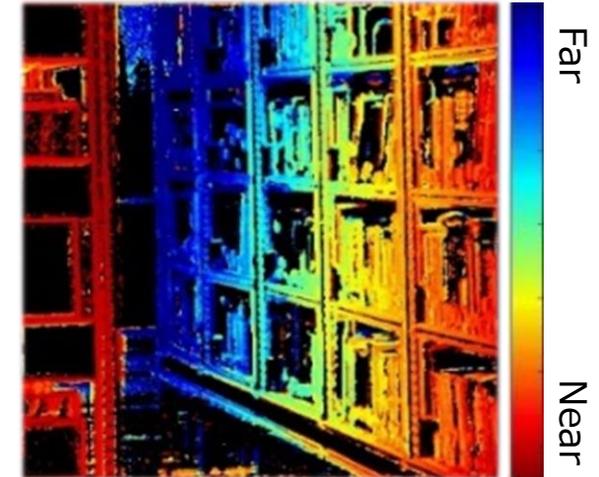
- ✓ Can capture both normal video & depth maps
- ✓ Technology breakthrough is result of bringing together JDI's LCD technology with Hitachi, Ltd. R&D Group's technology combining optics & image processing

### Depth Map Capture

Object



Depth Map



## Comparison with Other 3D Sensor Technologies

	New 3D Imaging	Stereo Camera	TOF
No. of Cameras/Sensors	1	2	1
Acquisition of Video & Color Data	Possible	Possible	Impossible
Depth Map Capture	Possible	Possible	Possible

## New 3D Imaging Technology Application Areas

- ✓ JDI developing further performance improvements & miniaturization to drive wider use
  - ✓ Announced on Nov 7, 2022 – JDI customer engagements underway

**Factory Automation & Automated Guided Vehicles**



**VR/AR**



**Drones**



**Surveillance Cameras**



**Automobiles**



**Smartphones**



## Asset-Light, Lower Fixed Costs, Increase Competitiveness & Profitability

### ■ Subsidiary

Suzhou JDI Electronics Inc.

### ■ Buyer

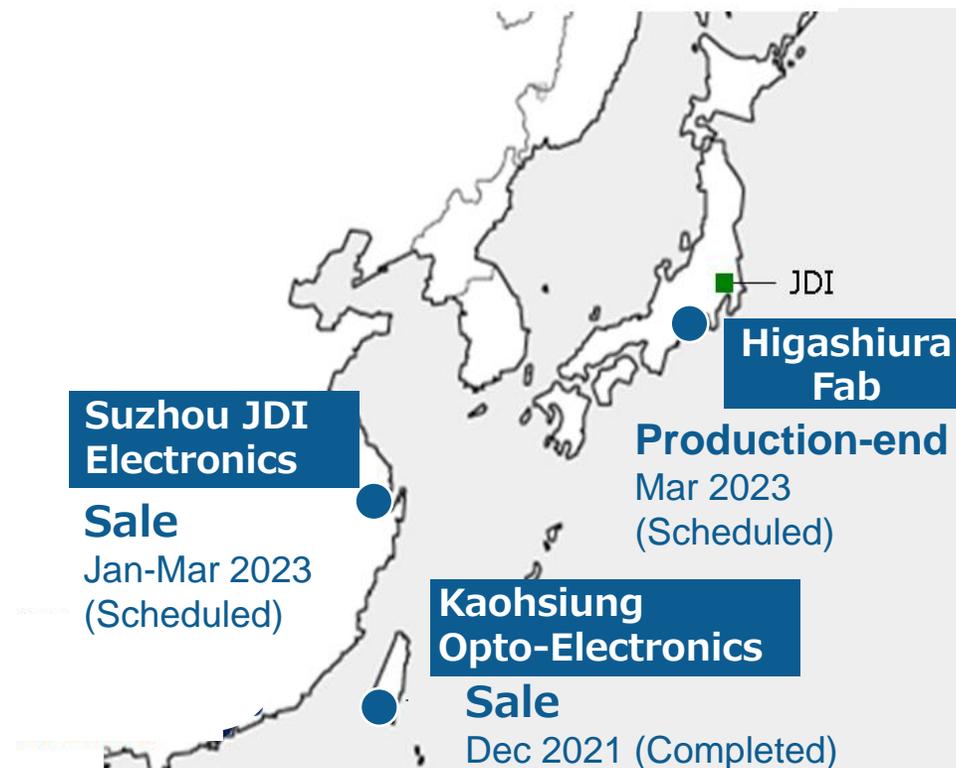
Suzhou Dongshan Precision Manufacturing Co., Ltd. (DSBJ)  
Chinese LCD Module Manufacturer

### ■ Schedule

Share Purchase Agreement (SPA) : Oct 28,2022  
SPA Execution (Scheduled) : Jan-Mar 2023

### ■ Financial Impact

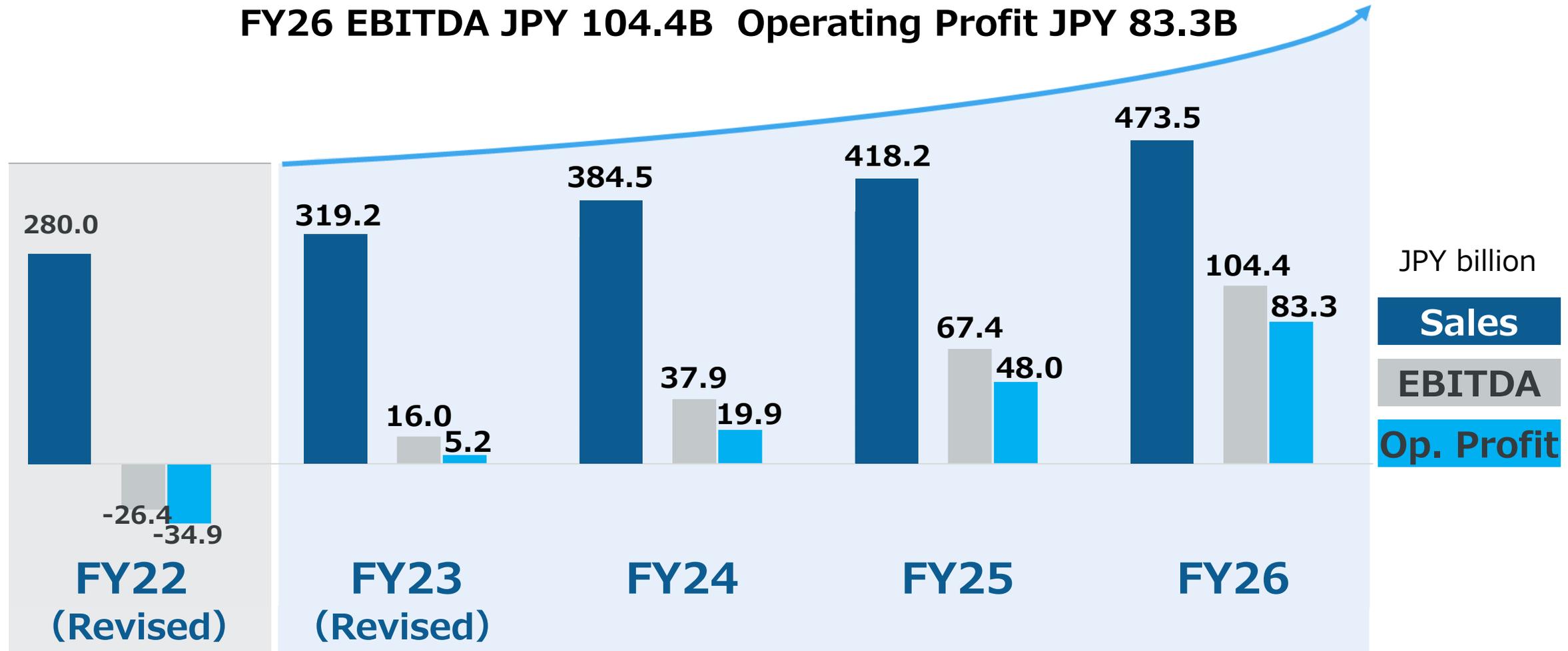
Sale Price: JPY 20.5B (estimated)  
Cost of Sale: TBD  
Fixed Cost Reduction: JPY 10B/year



**Total Fixed Cost Reduction:  
JPY 25B/year**

Drive profitable growth by focusing on high-margin businesses where JDI has competitive advantages

**FY26 EBITDA JPY 104.4B Operating Profit JPY 83.3B**



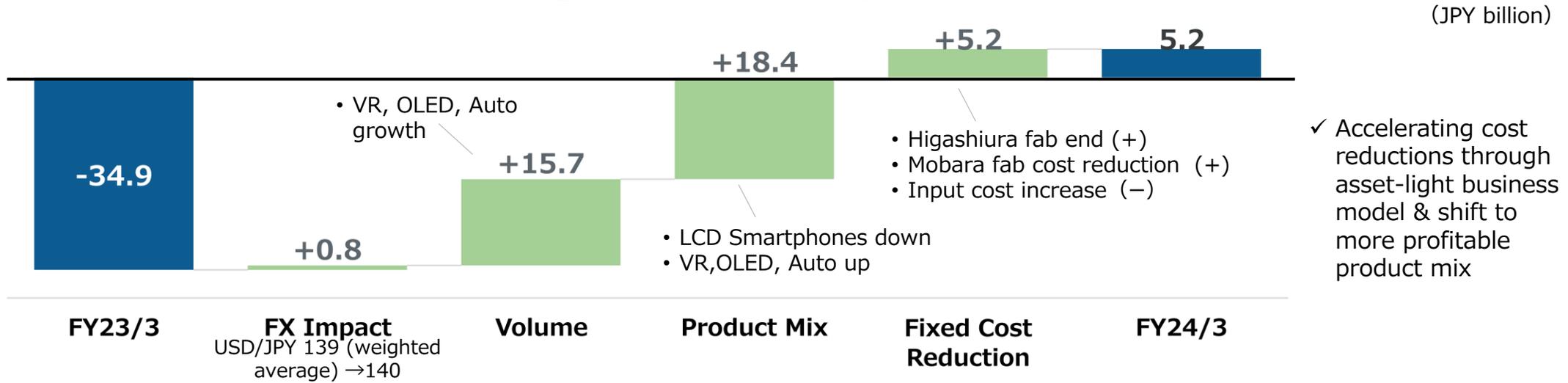
Note: the assumed rate is USD/JPY 140 for FY23 and USD/JPY 120 for FY24 and beyond

# METAGROWTH 2026 FY24/3 Full-Year KPI Operating Profit Breakdown

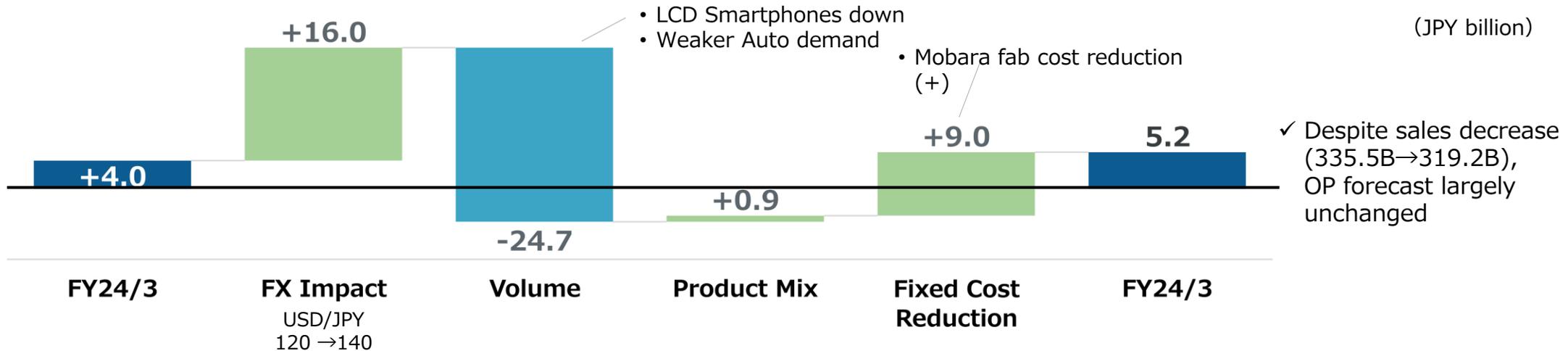


**Sales down vs. May 13, 2022 plan, but OP up on fixed cost reductions & positive FX  
No change to FY24-26 plan**

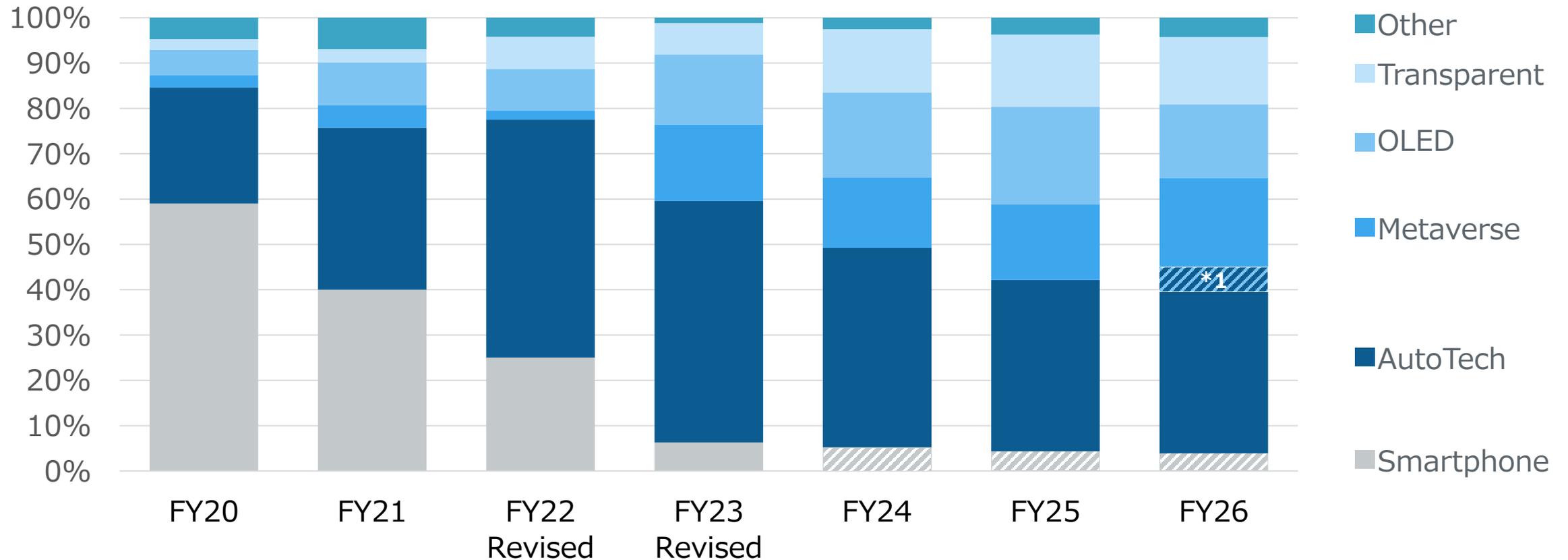
**YOY Change vs. FY23/3 Forecast**



**Change vs. May 13 FY24/3 Plan**

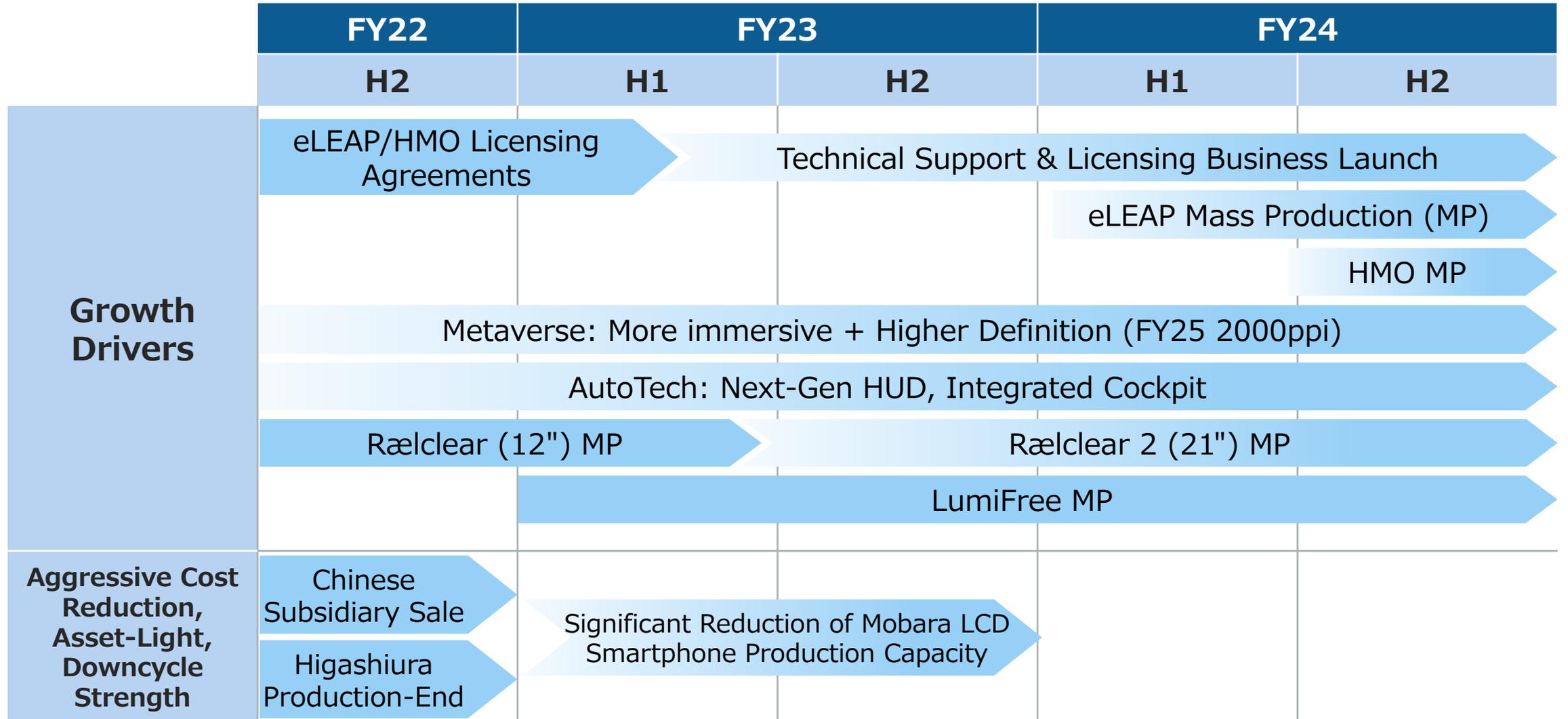


## Generate structural profitability by shrinking low-margin businesses & diversifying & strengthening high-margin product portfolio



\*1: In FY26, c. 5% of eLEAP (OLED) is included in AutoTech

\*2: FY24 onward Smartphone estimates currently unchanged



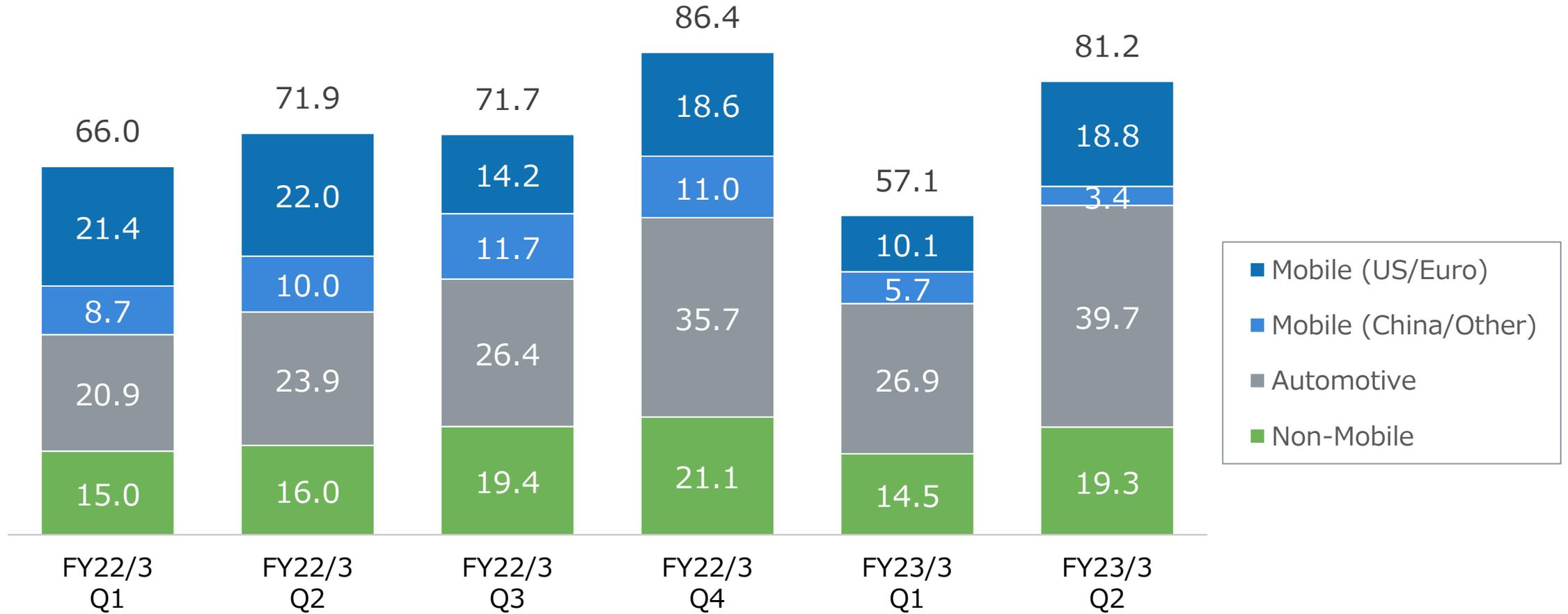


Japan Display Inc.

# Appendix

# Quarterly Sales Breakdown by Product Category

(JPY billion)



(JPY billion)	FY22/3 Q2	FY22/3 Q4	FY23/3 Q2	YoY	QoQ
Cash and deposits	49.3	52.2	47.7	-1.7	-4.6
Accounts receivable - trade	29.9	56.3	50.8	+20.9	-5.5
Accounts receivable - other	19.7	23.5	27.3	+7.5	+3.8
Inventories	49.5	49.1	70.9	+21.4	+21.9
Other	4.6	5.4	5.5	+0.8	+0.1
<b>Total current assets</b>	<b>153.1</b>	<b>186.5</b>	<b>202.1</b>	<b>+49.1</b>	<b>+15.6</b>
Total non-current assets	77.0	71.7	75.4	-1.5	+3.7
<b>Total Assets</b>	<b>230.0</b>	<b>258.3</b>	<b>277.6</b>	<b>+47.5</b>	<b>+19.3</b>
Accounts payable - trade	43.2	59.0	68.7	+25.4	+9.7
Interest-bearing debt	76.9	75.0	88.0	+11.1	+13.0
Advances received	6.6	3.3	4.0	-2.6	+0.7
Other liabilities	45.4	48.2	51.9	+6.5	+3.6
<b>Total Liabilities</b>	<b>172.2</b>	<b>185.5</b>	<b>212.5</b>	<b>+40.4</b>	<b>+27.0</b>
<b>Total Net Assets</b>	<b>57.9</b>	<b>72.8</b>	<b>65.0</b>	<b>+7.1</b>	<b>-7.8</b>
<b>Shareholders Equity Ratio</b>	<b>24.1%</b>	<b>28.2%</b>	<b>23.4%</b>	<b>-0.7pts</b>	<b>-4.8pts</b>

Note: Differences in balances of “cash and deposits” in B/S and cash & equivalents” in cash flow statement are “deposits”

(JPY billion)	FY22/3 Q2	FY23/3 Q1	FY23/3 Q2	YoY	QoQ
<b>Sales</b>	<b>71.9</b>	<b>57.1</b>	<b>81.2</b>	+9.3	+24.1
<b>EBITDA</b>	<b>1.0</b>	<b>-4.7</b>	<b>-2.8</b>	-3.7	+1.9
<b>Operating Profit</b>	<b>-1.2</b>	<b>-6.9</b>	<b>-4.9</b>	-3.7	+2.0
Non-Operating Income	0.7	3.2	1.8	+1.1	-1.3
Non-Operating Expenses	-0.8	-0.6	-1.0	-0.2	-0.4
<b>Recurring Profit</b>	<b>-1.2</b>	<b>-4.3</b>	<b>-4.1</b>	-2.9	+0.2
Extraordinary Income	0.0	1.0	0.0	+0.0	-1.0
Extraordinary Losses	-0.1	-1.1	-0.1	+0.0	+1.0
Income Before Income Taxes	-1.3	-4.4	-4.2	-2.8	+0.2
<b>Net Income</b>	<b>-1.8</b>	<b>-5.1</b>	<b>-6.6</b>	-4.8	-1.5
Avg. FX rate (JPY/USD)	110.1	129.7	138.3		
Q-End FX rate (JPY/USD)	111.9	136.7	144.8		

# Consolidated Cash Flow Statement

(JPY billion)	FY23/3 Q1	FY23/3 Q2	FY22/3 H1	FY23/3 H1	YoY
Income before income taxes	-4.4	-4.2	-8.0	-8.6	-0.6
Depreciation & Amortization	2.2	2.1	4.3	4.3	+0.0
Working capital	-0.3	-8.2	-7.6	-8.5	-0.9
Advances received	-0.6	0.9	4.6	0.3	-4.3
Other	-8.2	6.4	-0.1	-1.8	-1.7
<b>Cash Flow from Operating Activities</b>	<b>-11.4</b>	<b>-2.9</b>	<b>-6.8</b>	<b>-14.2</b>	<b>-7.4</b>
Fixed asset investments	-2.7	-3.1	-4.4	-5.8	-1.4
Other	-0.5	0.0	0.1	-0.6	-0.7
<b>Cash Flow from Investing Activities</b>	<b>-3.2</b>	<b>-3.1</b>	<b>-4.3</b>	<b>-6.3</b>	<b>-2.0</b>
Proceeds from issuance of preferred shares	0.0	0.0	24.8	0.0	-24.8
Net increase/decrease in short-term borrowings	0.0	13.0	-20.1	13.0	+33.1
Other	-0.1	-0.1	-0.3	-0.2	+0.1
<b>Cash Flow from Financing Activities</b>	<b>-0.1</b>	<b>12.9</b>	<b>4.4</b>	<b>12.8</b>	<b>+8.4</b>
Ending Balance, Cash & Equiv.	39.4	47.2	49.0	47.2	-1.8
<b>Free Cash Flow</b>	<b>-14.1</b>	<b>-5.9</b>	<b>-11.2</b>	<b>-20.0</b>	<b>-8.7</b>

Free Cash Flow = Cash Flow from Operating Activities less Capex (Fixed asset investments)

## Sharp drop in non-mobile demand. Op. profit fell short of forecast despite FX effect

### Explanation

(JPY billion)	FY23/3 Q2 FCST	FY23/3 Q2 ACT	Diff
<b>Sales</b>	<b>92.3</b>	<b>81.2</b>	<b>-11.1</b>
Mobile (US/Euro)	13.9	18.8	+4.9
Mobile (China/other)	7.8	3.4	-4.4
Automotive	39.7	39.7	+0.0
Non-Mobile	30.9	19.3	-11.6
<b>EBITDA</b>	<b>-1.7</b>	<b>-2.8</b>	<b>-1.1</b>
<b>Operating Profit</b>	<b>-4.2</b>	<b>-4.9</b>	<b>-0.7</b>
<b>Recurring Profit</b>	<b>-4.5</b>	<b>-4.1</b>	<b>+0.4</b>
<b>Net Income</b>	<b>-4.8</b>	<b>-6.6</b>	<b>-1.8</b>
<b>FX (JPY/USD)</b>	<b>123.0</b>	<b>138.3</b>	

- Mobile US/Euro:** Expanded market share
- Mobile China/Other:** Customers' further inventory adjustments
- Automotive:** Impact of customers production adjustment due to chip shortages was offset by robust demand, push out from Q1 and weaker yen
- Non-Mobile:** Rapid demand decline for consumer device displays especially for VR-HMD due to inflation. Price hikes for consumer devices also a factor
- EBITDA & operating loss worsened due to sluggish sales, but RP deterioration was minimized through cost reduction efforts and FX effects
- Increase of JPY 1B non-op. FX gain
- Increased of JPY 1B income taxes at a subsidiary

## Sales driven up by weakening yen, profit driven down by increased input costs

(JPY billion)	FY22/3 Q2 ACT	FY23/3 Q2 ACT	Chg
<b>Sales</b>	<b>71.9</b>	<b>81.2</b>	<b>+9.3</b>
Mobile (US/Euro)	22.0	18.5	-3.5
Mobile (China/other)	10.0	3.7	-6.3
Automotive	23.9	39.7	+15.8
Non-Mobile	16.0	19.3	+3.3
<b>EBITDA</b>	<b>1.0</b>	<b>-2.8</b>	<b>-3.7</b>
<b>Operating Profit</b>	<b>-1.2</b>	<b>-4.9</b>	<b>-3.7</b>
<b>Recurring Profit</b>	<b>-1.2</b>	<b>-4.1</b>	<b>-2.9</b>
<b>Net Income</b>	<b>-1.8</b>	<b>-6.6</b>	<b>-4.8</b>
<b>FX (JPY/USD)</b>	<b>110.1</b>	<b>138.3</b>	

### Explanation

**Mobile US/Euro:** Continuing downward trend

**Mobile China/Other:** Lower shipments due to customers' inventory adjustments & lower smartphone sales

**Automotive:** While customers' production adjustments reduced some shipments, sales increased due to robust demand and pushout of Shanghai lockdown affected shipments from Q1

**Non-Mobile:** Positive FX change covered decrease in VR shipment volume

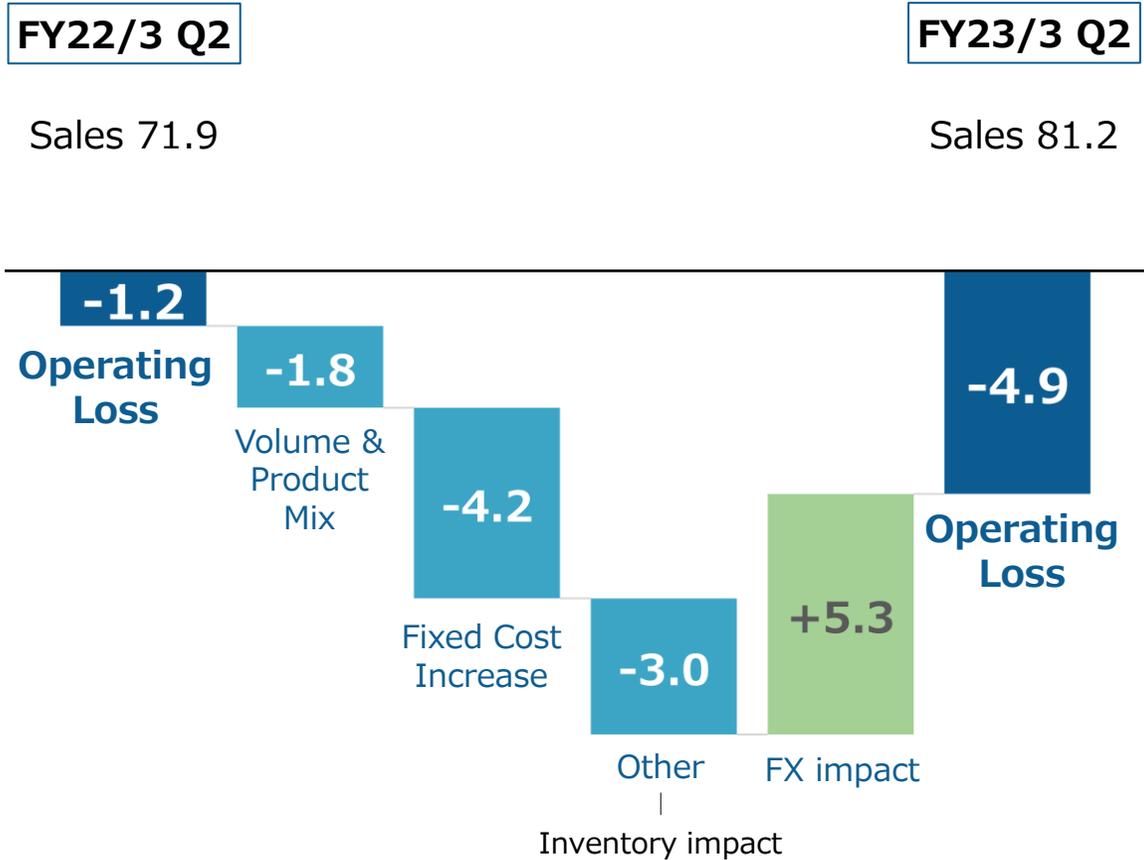
Reverse effect from the positive impact of inventory growth in Q1 and cost increases for parts, energy & transportation

Increase of JPY 1B non-op. FX gain

Increased of JPY 1B income taxes at a subsidiary

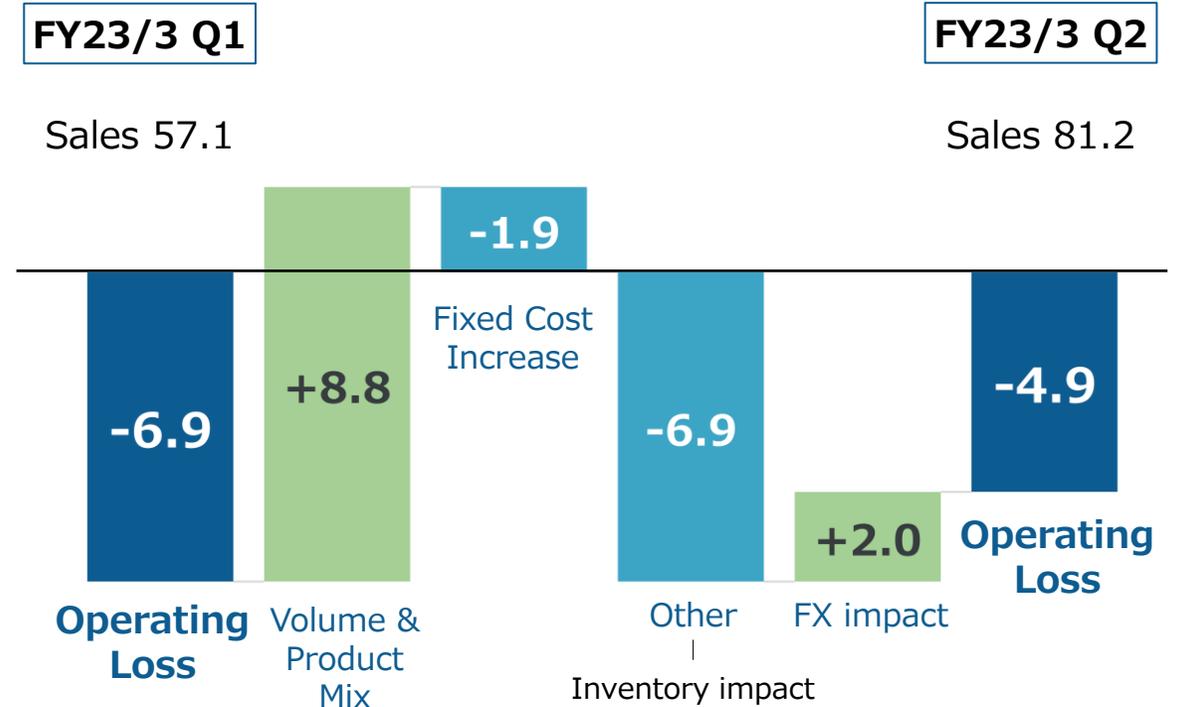
## Operating Income Breakdown (YoY)

(JPY billion)



## Operating Income Breakdown (QoQ)

(JPY billion)





# Thank You!

Any information related to market trends or industries mentioned in this document is based on information available at present and JDI does not guarantee that this information is accurate or complete.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of JDI in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause JDI's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation: economic conditions and individual consumption trends in Japan and overseas, currency exchange rate movements, trends in the market for smartphones and other electronic equipment, the management policies of our major business partners and fluctuations in the price of raw materials.